

RESOLUTION NO. 2014-33

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CATHEDRAL CITY ORDERING THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE CITY A MEASURE APPROVING AND IMPLEMENTING A TAX ON THE OPERATIONS OF MEDICAL CANNABIS COLLECTIVES, AT THE GENERAL MUNICIPAL ELECTION TO BE HELD ON TUESDAY, NOVEMBER 4, 2014

WHEREAS, the City Council desires to submit to the voters at the next General Municipal Election scheduled for Tuesday, November 4, 2014, a measure relating to a tax on the operations of medical cannabis cooperatives and collectives; and

WHEREAS, by previous resolution the City Council called a general municipal election for November 4, 2014 (the "Election"); and

WHEREAS, pursuant to Government Code section 53724 and Election Code section 9222, the City Council desires to submit the Ordinance to the qualified electors of the City at the Election.

NOW, THEREFORE, be it resolved by the City Council of the City of Cathedral City as follows:

Section 1. That pursuant to Article XIII C of the Constitution of the State of California, the City Council does order submitted to the voters at the General Municipal Election the following measure and question:

"In order to help fund general municipal services, including but not limited to such matters as police protection and crime suppression services, fire prevention and suppression services, emergency medical services, park, recreation, and library facilities and services, and general improvements throughout the City, shall an ordinance to impose a tax at a rate of up to fifteen (15) cents per each one (1) dollar of proceeds or fractional part thereof on cannabis or marijuana collectives and dispensaries operating in the City of Cathedral City be adopted?"

Section 2. That the complete text of the measure ("Ordinance") to be submitted to the voters is attached to this Resolution as Exhibit "A," and that the City Clerk shall maintain a copy of the Ordinance and shall make the same available for public inspection upon request.

Section 3. That the measure submitted to the voters pursuant to Section 1 of this Resolution shall require a majority of votes cast for adoption.

Section 4. That arguments in favor or against the above ballot measure shall be filed with the City Clerk of the City of Cathedral City on or before July 23, 2014, after which no arguments for or against the City measure may be submitted to the City Clerk.

Section 5. That any member of the City Council is hereby authorized to prepare a written argument in favor of or against the proposed ordinance, not to exceed 300 words.

Section 6. That rebuttal arguments shall be filed with the City Clerk by August 4, 2014, and shall not exceed 250 words in length.

Section 7. That the City Clerk is hereby directed to transmit a copy of the Ordinance attached to this Resolution as Exhibit A to the City Attorney, who shall prepare an impartial analysis of the measure showing the effect of the measure on the existing law and the operation of the measure in accordance with Section 9280 of the California Elections Code.

Section 8. That the County Election Department is hereby authorized to canvass the returns of the election, including this ballot measure.

Section 9. That the Board of Supervisors of the County of Riverside is hereby requested to issue instructions to the County Election Department to take any and all steps necessary for the holding of the election and to consolidate this ballot measure with any other applicable election conducted on the same day in the City. The Board of Supervisors is further requested to order the County Clerk to set forth in the voter information portion of all sample ballots to be mailed to the qualified electors of the City the full text of the Ordinance attached to this Resolution as Exhibit "A" and to mail with the sample ballots to the electors printed copies of the full text of the Ordinance, together with the arguments and rebuttal arguments (if any) for and against the measure.

Section 10. That the City of Cathedral City recognizes that costs will be incurred by the County of Riverside in connection with the election and agrees to reimburse the County for any such costs.

Section 11. That the City Clerk is hereby directed to file a certified copy of this Resolution with the Board of Supervisors and the Election Department of the County of Riverside.

Section 12. That this Resolution shall take effect upon its adoption.

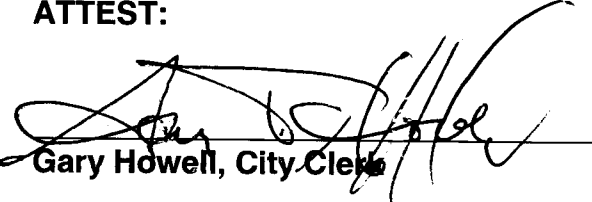
Section 13. That the City Clerk shall certify to the passage of this Resolution and enter it into the book of original resolutions.

PASSED, APPROVED AND ADOPTED BY AT LEAST TWO-THIRDS OF THE CITY COUNCIL THIS 9TH DAY OF JULY, 2014.



Mayor Kathleen De Rosa

ATTEST:




Gary Howell, City Clerk

APPROVED AS TO FORM:



Charles R. Green, City Attorney

REVIEWED:



Charles McClendon, City Manager

ORDINANCE NO. _____

AN ORDINANCE OF THE PEOPLE OF CATHEDRAL CITY, CALIFORNIA, ADDING CHAPTER 3.48 TO THE CATHEDRAL CITY MUNICIPAL CODE, APPROVING AND IMPLEMENTING A CANNABIS AND MARIJUANA TAX OF UP TO 15 CENTS PER \$1.00 OF PROCEEDS ON CANNABIS OR MARIJUANA COLLECTIVES OPERATING IN THE CITY.

THE PEOPLE OF THE CITY OF CATHEDRAL CITY ORDAINS:

SECTION 1. Chapter 3.48 is added to the Cathedral City Municipal Code to read:

CANNABIS AND MARIJUANA TAX

- 3.48.010 Imposition of Tax.
- 3.48.020 Definitions.
- 3.48.030 Payment Obligation.
- 3.48.040 City Council Authorization to Adjust Rates.
- 3.48.050 Payment of Tax Does Not Authorized Activity.
- 3.48.060 Cannabis and Marijuana Tax is Not a Sales Tax.
- 3.48.070 Amendments and Administration.

3.48.010 Imposition of Tax.

Every person engaged in operating or otherwise conducting a cannabis or marijuana collective and/or dispensary (collectively referred to herein as "collective"), and regardless of whether such collective has a permit pursuant to Chapter 9.108 of this Code, shall pay a cannabis and marijuana tax of 15 cents for each \$1.00 of proceeds or fractional part thereof.

3.48.020 Definitions.

For purposes of this Chapter.

A. A "cannabis or marijuana collective" means any activity regulated or permitted by Chapter 9.108 of this Code, or California Health and Safety Code sections 11362.5, *et seq.*, as may be amended from time to time, or any other activity or business that involves planting, cultivating, harvesting, transporting, dispensing, delivering, providing, manufacturing, compounding, converting, processing, preparing, storing, packaging, or testing any part of the marijuana plant for medical purposes.

B. "Proceeds" means gross receipts of any kind, including without limitation, membership dues; the value of in-kind contributions; reimbursements provided by members regardless of form; any payments made; and anything else of value obtained by a cannabis or marijuana collective.

3.48.030 Payment Obligation.

All taxpayers subject to this Chapter must pay the full tax imposed by this Chapter regardless of any rebate, exemption, incentive, or other reduction set forth elsewhere in this Code, except as required by California or Federal Law. Failure to pay the tax shall be subject to penalties, interest charges, and assessments as the City Council may establish and the City may use any or all other code enforcement remedies provided in the Charter and this Code. No provision in this Code can lower the tax rate set forth in this Section or otherwise reduce the amount of taxes paid hereunder unless the provision specifically states that the reduction applies.

3.48.040 City Council Authorization to Adjust Rates.

The City Council may impose the tax authorized by this Chapter at a lower rate and may establish exemptions, incentives, or other reductions, and penalties and interest charges or assessments for failure to pay the tax in a timely manner, as otherwise allowed by the Charter and California law. No action by the Council under this Section shall prevent it from later increasing the tax or removing any exemption, incentive, or reduction, and restoring the maximum tax specified in this Chapter.

3.48.050 Payment of Tax Does Not Authorize Activity.

The payment of the tax required pursuant to this Chapter shall not be construed as authorizing the conduct or continuance of any illegal business or of a legal business in an illegal manner. Nothing in this Chapter implies or authorizes that any activity connected with the distribution or possession of cannabis is legal under state law unless otherwise authorized and allowed in strict and full conformance to the provisions of this Code, including without limitation the provisions of Section 9.108. Nothing in this Chapter shall be applied or construed as authorizing the sale of marijuana.

3.48.060 Cannabis and Marijuana Tax Is Not a Sales Tax.

The Cannabis and Marijuana Tax provided for under the provisions of this Chapter is not a Sales or Use Tax and shall not be calculated or assessed as such. The Cannabis and Marijuana Tax shall not be separately identified or otherwise specifically assessed or charged to any member, patient, or caretaker.

3.48.070 Amendments and Administration.

A. This Chapter was submitted to the voters for approval. Any amendment to Section 3.48.010 to increase the Tax above the rate expressly provided in such Section shall not become effective until such amendment is approved by the voters. The voters expressly authorize the City Council to amend, modify, change, or revise any other provision of this Chapter as the City Council deems in the best interest of the City.

B. The City Manager or the City Manager's designee shall promulgate rules, regulations, and procedures to implement and administer this Chapter to ensure the efficient and timely collection of the tax imposed by this Chapter, including without limitation, formulation and implementation of penalties and interest to be assessed for failure to pay the tax as provided.

C. The City Manager or the City Manager's designee shall annually audit the cannabis and marijuana taxes imposed by this Chapter to verify that tax revenues have been properly expended in accordance with the law.

D. Pursuant to California Constitution Article XIII B, the appropriation limit for the City is increased to the maximum extent over the maximum period of time allowed under law consistent with the revenues generated by the cannabis and marijuana tax.

SECTION 2. This Ordinance shall become effective upon adoption by a majority of the voters casting votes at the general municipal election on November 4, 2014.

PASSED, APPROVED, AND ADOPTED BY THE PEOPLE OF THE CITY OF CATHEDRAL CITY AT THE REGULAR MUNICIPAL ELECTION HELD THE 4TH DAY OF NOVEMBER, 2014.

Kathleen J. DeRosa, Mayor

ATTEST:

Gary F. Howell, City Clerk

APPROVED AS TO FORM:

Charles R. Green, City Attorney

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